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FOREIGN SERVICE DESPATCH

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AMEMBASSY GUATEMALA — JUN 9 1954 — 990

June 4, 1954

TO THE DEPARTMENT OF STATE, WASHINGTON

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SUBJECT: Joint Weeka No. 22 for State, Army and Air Departments from SA

OCB-1 US/A-8

DECLASSIFICATION DATE 11 Oct 72 — SUMMARY — PER Chuman — OFFICE ARA/A-15

FADRC FOI CASE NO. 740332

After the extreme excitement and nervousness of the preceding fourteen days centering around the arrival in Puerto Barrios of the Swedish vessel ALFHEM with its cargo of arms from behind the Iron Curtain, a decided letdown was noticeable during the current week, and the feeling of an impending crisis, so widespread previously, seemed definitely on the wane. This letdown, due to the fact that the situation did not deteriorate further and to a general Guatemalan inability to maintain a fever pitch of excitement over a prolonged period, occurred in the face of such normally sensational events as the announcement that the police had discovered ample documentary evidence of a vast, foreign-directed plot to overthrow the Guatemalan Government, arrests of six persons apparently suspected by the Government of being involved in the plot, the flight of nine other Guatemalans into the political sanctuary of the Salvadoran Embassy and Ecuadoran Legation in Guatemala City, and the continuation of the strike of the United Fruit Company's agricultural workers in its Bananera Division. The week was also marked by the continuation, at the request of Foreign Minister Guillermo TORIELLO, of the talks between him and Ambassador PEURIFOY regarding tensions in relations between their two Governments, the publication of a premature report that the State Department had granted agrément for the appointment of Carlos Leonidas ACEVEDO as Guatemalan Ambassador in Washington, and the approval of an income tax law in preliminary readings in Congress.

The Guatemalan Government appeared greatly concerned with the local and international tensions of the previous weeks and took certain active steps to relieve them, including measures apparently designed to appease the United States temporarily, although it gave not the slightest indication of an intention to attack Communism, the root of the difficulties between the two countries. It seemed likely that the Guatemalan Government

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was attempting to reduce local excitement and entangle the United States Government in a series of general discussions which would make it difficult for us to convoke a meeting of the OAS, while at the same time it sought to relieve the Honduran concern about the arrival of the large quantity of arms in Guatemala.

INTERNATIONAL

Relations with the United States. The Guatemalan Government bent itself during the week to the task of relieving tensions in its relations with the United States, a program undertaken presumably to lessen the local feeling of an impending crisis but not to achieve any long-range results in the field of foreign affairs. The Foreign Minister invited Ambassador Peurifoy on June 1 to a second conversation in which he went over much the same ground he had covered in the talk on May 24, repeating his proposal for an impartial board to study differences between the two countries. However, the Foreign Minister shied away from the Ambassador's question as to whether this board would consider the subject of Communism, asked whether the Ambassador would like the board to deal with the internal problems of the United States, but finally conceded that the board might talk of the problem.

However, Sr. Toriello apparently became convinced that he could not expect to gain much from a continuance of these conversations and on June 2 informed Ambassador Peurifoy that since it appeared that the State Department was preparing to summon a meeting of the OAS to consider the Guatemalan question, the Guatemalan Government would no longer be interested in seeking an understanding through the proposed board.

One minor advantage reaped by the United States through the Guatemalan Government's short-lived attempt at appeasement was the granting by the Guatemalan Foreign Office of permission to the Embassy to purchase the building which it is now renting.

President Arbenz' Press Interview. President Arbenz, in answer to written questions submitted to him by an Associated Press correspondent, declared in a story given wide circulation and published locally on May 31 that he thought a personal meeting between him and President EISENHOWER "could contribute to relieving the tense situation in Central America if the will towards this end existed on both sides". He also declared that the statements recently issued by Secretary DULLES on the Guatemalan situation were "exaggeratedly alarmist, false and appeared designed to increase the international tension and disturb the peace between our countries". The Guatemalan President insisted that he was interested in improving relations with the United States "on a basis of mutual respect". In making these statements, President Arbenz obviously was seeking to create the

impression that his Government was willing to come to an understanding with the United States and that only the perversity of the State Department and special interests in the United States stood in the way of good relations between the two countries.

Appointment of Guatemalan Ambassador in Washington. These developments seem to be part of a pattern whic included the Guatemalan Government's request for agrément fc the appointment of the moderate and colorless Carlos Leonidas Acevedo as Guatemalan Ambassador in Washington to fill that post which has been vacant since January 1954 (See WEEKA 21, May 28). Despite a local press report that agrément had been granted, the Department has issued no official statement on the subject.

Non-Aggression Pact with Honduras. The only local development during the week in connection with the Guatemalan Government's unexpected proposal of May 27 for a non-aggression pact with the Honduran Government was the announcement of the Honduran Foreign Minister's acknowledgment of the receipt of the proposal. However, the issuance by the Honduran Government, just after receiving the Guatemalan offer, of a statement referring to the intervention of Guatemalan organizations in the strike situation as acceptance appear unlikely.

DOMESTIC

Plot to Overthrow Government. The nearest to a sensation during the week came on June 3 when Augusto CHARNAUD MacDonald, Minister of Interior, announced to the press that the police had unearthed a major plot to overthrow the Government. He declared that the Government had discovered "ample documentation" of this plot which "is nothing else than the advance of the forces menacing Guatemala from abroad and which basically are not Guatemalan", and he asserted that the attempted sabotage of a railroad bridge last week was the work of this organization. Sr. Charnaud made the following specific points about the alleged plot: "(a) Reports about the gravity of the situation are true; (b) the plot has a vast and excellent organization; (c) it has been organized by military technicians formerly members of Armies of other countries; (d) no members of the Guatemalan Army are compromised; (e) the bases of the movement are outside of the country, although many persons in the country are involved in it and are well organized; (f) the Government is disposed to take all measures necessary for its security and to enforce respect for the sovereignty and integrity of the country".

Sr. Charnaud also said that the Government knows the location and operators of the clandestine radio station and also knew in advance about the mysterious plane which on May 26 dropped leaflets on Guatemala City, particularly on the National

Palace. He explained that for the moment the Government does not contemplate restricting Constitutional guarantees, but added "from now on we are going to be more energetic in certain respects".

Arrests and Refugees. That the Government had been busily engaged during the week with a real or supposed plot was evident from the activity of the police. During the week, the police are known to have made six apparently political arrests, and have searched several houses, while nine Guatemalans sought refuge in foreign Embassies, seven in the Embassy of El Salvador and two in the Legation of Ecuador. In eight of the cases, the Guatemalan Government acted promptly to extend safe conducts to those who had gained asylum and will presumably do so in the case of the ninth, Humberto CORDOVA Cerna, brother of the prominent attorney whose mistreatment by police caused a major scandal in April 1953. The Government has made no statement as to the reasons for these arrests and the police have in most cases refused to confirm them.

Police Chief Denies Planning Political Murder. On June 2 the press reported that an individual by the name of Rafael MENDEZ Rodríguez had confessed in Honduras that he had been sent to that country by Col. Rogelio CRUZ Wer, the Chief of the Guatemalan Guardia Civil, to assassinate Col. Carlos CASTILLO Armas, an exiled Guatemalan anti-Communist leader. The next day Col. Cruz Wer denied to the press that he had sent Méndez Rodríguez on such a mission and pointed out that Méndez Rodríguez had a police record of fraud in 1943, misappropriation of public funds in 1949, and robbery in January 1953.

Communist Threats to Opponents. The Communists did not allow these events to go unnoticed and Victor Manuel GUTIERREZ, Secretary General of the labor confederation CGTG, repeated the willingness of his organization to stand behind President Arbenz and to join actively in any fight to defend the Government, and on June 2 the peasant organization CNCG telegraphed its affiliates "to be ready and to watch steps of reactionaries". Also, on June 2, César MONTENEGRO Paniagua, Communist Deputy in the National Congress, when asked by newspaper reporters whether it was true that the Communists planned to establish a concentration camp in Guatemala, replied "We have no need of concentration camps because at the sound of the first shot in an emergency, we will knock the heads off all the anti-Communists", and he added that the newspaper reporters would suffer the same fate. One of the reporters asked him why the Communists did not take that action now against the reporters, but Montenegro Paniagua replied "It is not yet time".

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Congress. In the rush of other events, the approval by Congress of the first reading of an income tax law attracted little attention. Otherwise, Congress devoted the week to bitter bickering.

Labor-Management Relations. The strike of workers of the United Fruit Company continued without change during the week and operations of the Company's Bananera Division on the Atlantic Coast remained at a standstill. On May 28 the Company was able to sign with the union of its dock workers in Puerto Barrios a new three-year contract granting the workers no wage increases but various fringe benefits which will cost the Company approximately $225,000 the first year and $125,000 in subsequent years. The Company has so far experienced no difficulties in its Tiquisate Division on the Pacific Coast. It seems quite probable that high Guatemalan authorities have discouraged strikes among the dock workers or at the Tiquisate Division among the agricultural workers there, because the authorities wished to avoid increasing tensions in the country at this time.

MILITARY

Surprise Session of Superior Military Council. On June 1 the Superior Military Council held a special session in the conference room adjoining the President's office. Although high-ranking officers tried to pass this meeting off as routine, it was reliably reported that the real purpose was to express the Council's gratitude to the President for the recent acquisition of the ALFHEM arms shipment and to reassure him of their loyalty during this critical period. In response, the President thanked the Council for this demonstration of confidence. This was one of a series of meetings which the President has held with his military chiefs since the receipt of the ALFHEM arms.

Cost of ALFHEM Arms. In an attempt to satisfy public curiosity over the cost of the recent acquisition of the ALFHEM arms, if in fact they were obtained by purchase, the independent El Espectador published an article on June 3 claiming that the cost did not exceed $3,000,000. According to source, it was paid for with the ordinary allocations by Congress to the Ministry of Defense in its annual budgets. It explained that the Ministry of Defense had paid for this equipment with allocations of up to $900,000 per year which it had accumulated over the past three years because it was unable to purchase arms in the United States. The accuracy of this report is doubted because it is known that for the fiscal year 1953 the Ministry of National Defense had allocated only $200,000 for the purchase of arms and equipment, and it is doubted that these allocations are valid beyond the fiscal year for which appropriated. It is also known that in that same year Hubert JULIAN was authorized to

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expand approximately $700,000 for the purchase of new military equipment.

Communist Sniping at United States Air Representatives. A columnist in the Communist newspaper Tribuna Popular on June 1 declared that the United States Army (military) Mission had overstayed its welcome in Guatemala and since its contract with the Guatemalan Government has expired, it should depart from the country. It is not known why the columnist neglected the Air Mission. The writer then turned his attention to the Air Attaché who, he said, "has a private plane in which he flew out of our territory exactly -- please, no evil thoughts -- on the morning of the day on which the pirate plane dropped subversive propaganda on our capital". (The facts in the case are that the Air Attaché was in his office all day on May 26 when the mysterious plane flew over Guatemala City, and his plane was parked in its accustomed place at the airport throughout the whole day.)

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